



Senate

General Assembly

File No. 341

February Session, 2004

Substitute Senate Bill No. 508

Senate, March 30, 2004

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE MUNICIPAL EMPLOYEES' HEALTH INSURANCE PLAN.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (i) of section 5-259 of the general statutes, as
2 amended by section 1 of public act 03-149, section 2 of public act 03-
3 254, section 31 of public act 03-3 of the June 30 special session and
4 sections 63 and 64 of public act 03-6 of the June 30 special session, is
5 repealed and the following is substituted in lieu thereof (*Effective from*
6 *passage*):

7 (i) The Comptroller may provide for coverage of employees of
8 municipalities, nonprofit corporations, community action agencies and
9 small employers and individuals eligible for a health coverage tax
10 credit or members of an association for personal care assistants under
11 the plan or plans procured under subsection (a) of this section,
12 provided: (1) Participation by each municipality, nonprofit

13 corporation, community action agency or small employer or eligible
14 individual or association for personal care assistants shall be on a
15 voluntary basis; (2) where an employee organization represents
16 employees of a municipality, nonprofit corporation, community action
17 agency or small employer, participation in a plan or plans to be
18 procured under subsection (a) of this section shall be by mutual
19 agreement of the municipality, nonprofit corporation, community
20 action agency or small employer and the employee organization only
21 and neither party may submit the issue of participation to binding
22 arbitration except by mutual agreement if such binding arbitration is
23 available; (3) no eligible individual or group of employees shall be
24 refused entry into the plan by reason of past or future health care costs
25 or claim experience; (4) rates paid by the state for its employees under
26 subsection (a) of this section are not adversely affected by this
27 subsection; (5) administrative costs to the plan or plans provided
28 under this subsection shall not be paid by the state; (6) participation in
29 the plan or plans in an amount determined by the state shall be for the
30 duration of the period of the plan or plans, or for such other period as
31 mutually agreed by the municipality, nonprofit corporation,
32 community action agency, small employer, eligible individual or
33 association for personal care assistants and the Comptroller; and (7)
34 nothing in [public act 03-6 of the June 30 special session*] this section,
35 section 12-202a, as amended, section 38a-551, as amended, section 38a-
36 553, as amended, or section 38a-556, as amended, shall be construed as
37 requiring a participating insurer or health care center to issue
38 individual policies to individuals eligible for a health coverage tax
39 credit. The Comptroller may arrange and procure for the employees
40 and eligible individuals under this subsection health benefit plans that
41 vary from the plan or plans procured under subsection (a) of this
42 section. Notwithstanding any provision of law the coverage provided
43 under this subsection may be offered to employees and eligible
44 individuals under this subsection on either a fully underwritten or
45 risk-pooled basis at the discretion of the Comptroller, [except that]
46 provided if the Comptroller elects to fully underwrite coverage offered
47 to small employers, such coverage shall be fully underwritten in

48 accordance with part V of chapter 700c. For the purposes of this
49 subsection, (A) "municipality" means any town, city, borough, school
50 district, taxing district, fire district, district department of health,
51 probate district, housing authority, regional work force development
52 board established under section 31-3k, regional emergency
53 telecommunications center, tourism district established under section
54 32-302, as amended, flood commission or authority established by
55 special act, regional planning agency, transit district formed under
56 chapter 103a, or the Children's Center established by number 571 of
57 the public acts of 1969; (B) "nonprofit corporation" means a nonprofit
58 corporation organized under 26 USC 501(c)(3) that has a contract with
59 the state; (C) "community action agency" means a community action
60 agency, as defined in section 17b-885; (D) "small employer" means a
61 small employer, as defined in subparagraph (A) of subdivision (4) of
62 section 38a-564, as amended by this act; (E) "eligible individuals" or
63 "individuals eligible for a health coverage tax credit" means persons
64 who are eligible for the credit for health insurance costs under Section
65 35 of the Internal Revenue Code of 1986, or any subsequent
66 corresponding internal revenue code of the United States, as from time
67 to time amended, in accordance with the Pension Benefit Guaranty
68 Corporation and Trade Adjustment Assistance programs of the Trade
69 Act of 2002 (P.L. 107-210); and (F) "association for personal care
70 assistants" means an organization composed of personal care
71 attendants who are employed by recipients of service (i) under the
72 home-care program for the elderly under section 17b-342, (ii) under the
73 personal care assistance program under section 17b-605a, (iii) in an
74 independent living center pursuant to sections 17b-613 to 17b-615,
75 inclusive, or (iv) under the program for individuals with acquired
76 brain injury as described in section 17b-260a.

77 Sec. 2. Subdivision (4) of section 38a-564 of the general statutes, as
78 amended by section 32 of public act 03-3 of the June 30 special session,
79 is repealed and the following is substituted in lieu thereof (*Effective*
80 *from passage*):

81 (4) (A) "Small employer" means any person, firm, corporation,

82 limited liability company, partnership or association actively engaged
83 in business or self-employed for at least three consecutive months
84 who, on at least fifty per cent of its working days during the preceding
85 twelve months, employed no more than fifty eligible employees, the
86 majority of whom were employed within the state of Connecticut.
87 "Small employer" includes a self-employed individual. In determining
88 the number of eligible employees, companies which are affiliated
89 companies, as defined in section 33-840, or which are eligible to file a
90 combined tax return for purposes of taxation under chapter 208 shall
91 be considered one employer. Eligible employees shall not include
92 employees covered through the employer by health insurance plans or
93 insurance arrangements issued to or in accordance with a trust
94 established pursuant to collective bargaining subject to the federal
95 Labor Management Relations Act. Except as otherwise specifically
96 provided, provisions of sections 12-201, 12-211, 12-212a and 38a-564 to
97 38a-572, inclusive, as amended, which apply to a small employer shall
98 continue to apply until the plan anniversary following the date the
99 employer no longer meets the requirements of this definition.

100 (B) "Small employer" does not include [(A)] (i) a municipality
101 procuring health insurance pursuant to section 5-259, as amended by
102 this act, [(B)] (ii) a private school in this state procuring health
103 insurance through a health insurance plan or an insurance
104 arrangement sponsored by an association of such private schools, [(C)]
105 (iii) a nonprofit organization procuring health insurance pursuant to
106 section 5-259, as amended by this act, unless the Secretary of the Office
107 of Policy and Management and the State Comptroller make a request
108 in writing to the Insurance Commissioner that such nonprofit
109 organization be deemed a small employer for the purposes of this
110 chapter, [or (D)] (iv) an association for personal care assistants
111 procuring health insurance pursuant to section 5-259, as amended by
112 this act, (v) a community action agency procuring health insurance
113 pursuant to section 5-259, as amended by this act, (vi) individuals
114 eligible for a health coverage tax credit procuring health insurance
115 pursuant to section 5-259, as amended by this act, or (vii) a small
116 employer procuring health insurance on a risk-pooled basis pursuant

117 to section 5-259, as amended by this act.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>

LAB *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill gives the state comptroller the option to change the underlying financial arrangement of Municipal Employees Health Insurance Plan (MEHIP) to an insurance risk pool. Currently, MEHIP is fully underwritten. It is anticipated that a future change to an insurance risk pool would only be implemented to the extent that it resulted in lower premiums to MEHIP participants.

As of March 2004, there were 167 different groups participating in MEHIP, covering 13,354 lives.

OLR Bill Analysis

sSB 508

AN ACT CONCERNING THE MUNICIPAL EMPLOYEES' HEALTH INSURANCE PLAN**SUMMARY:**

This bill gives the state comptroller the option to place small employers participating in the Municipal Employees Health Insurance Plan (MEHIP) in an insurance risk pool rather than fully underwrite them based on the small employer community rating method established elsewhere in statute. Under current law, small employers in MEHIP are insured using the community rating system. Also under current law, other groups that can choose MEHIP – employees of municipalities, nonprofit corporations, community action agencies, members of personal care assistant associations, and individuals eligible for a federal health coverage tax credit – can either be either fully underwritten or risk-pooled at the comptroller's discretion. But current law specifies that small businesses in MEHIP must be fully underwritten.

The bill also changes the definition of “small employer” under the insurance statute to exclude any small employer receiving health insurance on a risk-pooled basis under MEHIP. It makes other conforming changes to the definition of small employer in the insurance statute to reflect existing MEHIP provisions.

EFFECTIVE DATE: Upon passage

BACKGROUND***Small Employer Law***

Small employer plan premiums are based on a community rate, adjusted for age, gender, geographic area, industry, group size, and family composition. Rates cannot be based on the health status or the claims experience of the small employer or its employees and their dependents.

MEHIP

The MEHIP program allows the comptroller to arrange for insurance coverage for certain groups, including municipal employees, under the law authorizing her to do the same for state employees. By law, the MEHIP plan (1) is separate from the state employee plan, (2) cannot affect the state employee plan premiums or coverage, and (3) is available to any group it is authorized to cover regardless of past or future health care costs or claims experience.

Related Bill

SB 480 (File 140) expands the list of case characteristics that can be considered when establishing premium rates for small employer health care plans, thus allowing small employer rates to reflect the administrative cost savings realized by joining an association group plan or MEHIP. The Insurance and Real Estate Committee reported the bill favorably to the Senate floor on March 4.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 7 Nay 5